

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-10 IO-10 ISO-00

FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06

PRS-01 SP-02 OMB-01 /131 W
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FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 0000V

INFO AMEMBASSY ACCRA

AMEMBASSY BANJUL

AMEMBASSY BLANTYRE

AMEMBASSY BRIDGETOWN

USMISSION EC BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY DAR ES SALAAM

AMEMBASSY DUBLIN

AMEMBASSY FREETOWN

AMEMBASSY GAORONE

USMISSION GENEVA

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY MANAGUA

AMEMBASSY MASERU

AMEMBASSY MBABANE

AMEMBASSY NAIROBI

AMEMBASSY NASSAU

AMEMBASSY NEW DELHI

AMEMBASSY NICOSIA

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AMEMBASSY PORT LOUIS

AMCONSUL PORT MORESBY
AMEMBASSY PORT OF SPAIN
AMEMBASSY PRETORIA
AMEMBASSY SINGAPORE
AMEMBASSY SUVA
AMEMBASSY TOKYO
AMEMBASSY VALLETTA
AMEMBASSY WELLINGTON

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E.O. 11652: N/A

TAGS: ETRD, CA

SUBJECT: U.S. GENERALIZED SYSTEM OF PREFERENCES (GSP) AND
COMMONWEALTH PREFERENCE ISSUE

REF: STATE 111968

1. EMBASSY HAS SURVEYED QUESTION OF TARIFF PREFERENCES ACCORDED CANADIAN PRODUCTS BY COMMONWEALTH DEVELOPING MEMBER COUNTRIES WITH NUMBER OF EXTAFF AND INDUSTRY, TRADE AND COMMERCE DEPARTMENT (ITC) OFFICIALS WHO HAVE ALMOST UNIFORMLY DISPLAYED INDIFFERENCE TO SUBJECT AND LACK OF PRECISE INFORMATION. BASIS OF ATTITUDE SEEMS TO REST ON FACT (A) TOTAL IMPORTS FROM CANADA BY THESE COUNTRIES REPRESENTS ONLY ONE TO TWO PERCENT OF TOTAL CANADIAN EXPORTS OF APPROXIMATELY \$32 BILLION IN 1974, (B) PRODUCT COVERAGE AND LEVEL OF COMMONWEALTH PREFERENCE HAVE SERIOUSLY ERODED AND EVEN DISAPPEARED OVER PAST FEW YEARS (SEVERAL OFFICIALS NOTED THAT NUMBER OF THESE COUNTRIES NOW DISCRIMINATE AGAINST CANADA BY ACCORDING EC MEMBERS GREATER TARIFF BENEFITS); AND (C) MOST OF RESIDUAL PREFERENCES WILL SHORTLY BE DISMANTLED UPON RATIFICATION OF LOME CONVENTION TO WHICH 21 OF COMMONWEALTH DEVELOPING COUNTRIES ARE SIGNATORY. THESE 21 COUNTRIES, ACCORDING TO AN EXTAFF OFFICIAL, ACCOUNT FOR PERHAPS 0.5 PERCENT OF CANADIAN EXPORTS. THE SEVEN REMAINING SOVEREIGN COMMONWEALTH LDCS (BANGLADESH, LIMITED OFFICIAL USE

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CYPRUS, INDIA, MALAYSIA, MALTA, SINGAPORE AND SRI LANKA), TOGETHER WITH SOME COMMONWEALTH DEPENDENCIES, DO CONTINUE TO GRANT LIMITED COMMONWEALTH PREFERENCES TO CANADA AND, ACCORDING TO AN EXTAFF OFFICER, THERE ARE CURRENTLY NO SCHEDULED TRMINAL DATES FOR SUCH PREFERENCES OR ANY CURRENTLY UNDER DISCUSSION.

2. OTHER SPECIFICS THE EMBASSY HAS BEEN ABLE TO

OBTAIN RELATE TO COMMONWEALTH LDCS IN AFRICA AND WESTERN HEMISPHERE. IN AFRICA, ONLY COUNTRY PRESENTLY PROVIDING CANADA WITH PREFERENCES (AND ONLY ON SPECIFIC ITEMS) IS MALAWI AND EVEN THESE ARE SUBJECT TO FIVE-YEAR PHASE-OUT WHICH IS EXPECTED TO BE OVERTAKEN BY LOME RATIFICATION ACTION. IN WESTERN HEMISPHERE, CARICOM COUNTRIES CONTINUE TO GRANT PREFERENCES TO CANADA ON MOST TRADE ITEMS UNDER CANADIAN-WEST INDIES TRADE ACT OF 1925 BUT THESE PREFERENCES WILL ALSO TERMINATE UNDER LOME CONVENTION. CONCERNED ITC OFFICER FOR THIS AREA ALSO NOTED, FOR EXAMPLE, THAT U.K. DEPENDENCY OF BELIZE GRANTS SOME PREFERENCES TO CANADA ON TOTAL BILATERAL TRADE OF LESS THAN \$2 MILLION YEARLY, WHEREAS BERMUDA, WHICH WAS ORIGINALLY COVERED BY 1925 WEST INDIES TRADE ACT, WENT TO ONE-COLUMN TARIFF IN 1973, THUS EFFECTIVELY ENDING COMMONWEALTH PREFERENCES TO CANADA.
PORTER

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